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DEPARTMENT FOR EUR/CE JAMIE MOORE. USTR FOR TANUJA GARDE
AND DAWN SHACKLEFORD

E.O. 12958: N/A

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SUBJECT: HUNGARY'S REPLY ON EC/SWISS POSITIONS ON
GEOGRAPHICAL INDICATIONS

REF: STATE 104985

¶1. EconOff delivered demarche points to Dr. Laszlo Varkonyi, Director General of the Trade Policy Department of Hungary's Ministry for National Development and Economy. Varkonyi stated that while he appreciated the clarity of the U.S. position, Hungary sides with the EC/Swiss proposal. Varkonyi said that Hungary does not support the U.S. proposal of a voluntary GI register, stating that its lack of any legal effect on WTO members would render it 'mere window dressing.' Varkonyi stated that the countries co-sponsoring the U.S. proposal tend to more frequently abuse European GI names.

¶2. Varkonyi stated that Hungary also supports the application of GI provisions on wine and distilled spirits to other products. While he recognized the adverse economic impact this might have on certain trademarked products, he said that the effect would not be as pronounced as the U.S. argues. Varkonyi countered that many trademarked products have unfairly benefited from falsely associating their brand to a non-corresponding geographic area. Varkonyi cited Canadian firm Maple Leaf Food's trademarked brand "Prosciutto di Parma" as a clear example.

¶3. Varkonyi rejected the U.S. argument that the EC supports the India/Brazil proposal on patent disclosure rules in exchange for India/Brazil supporting the EC/Swiss GI proposal as 'too simplistic.' Varkonyi said that while the ideas of the Convention on Biological Diversity (CBD) clearly did not originate in the EU, there is nonetheless widespread sympathy in Europe to help developing countries establish a system where they are better informed of the use of their genetic materials and traditional knowledge.

¶4. EconOff separately delivered demarche points to officials from the Ministry of Foreign Affairs and from the Ministry of Agriculture, however, in both cases the officials deferred to Dr. Laszlo Varkonyi as the lead on this issue.
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